

PCG Form 481 - Carrier Annual Reporting
Data Collection FormPCG Form 481
OMB Control No. 3060-0548/OMB Control No. 3060-0819
Rev 2/2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Christopher Ulmer
<035>	Contact Telephone Number: Number of the person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	culmer@icorellc.com
	Form Type	54.313

(100) Service Quality Improvement Reporting Data Collection Form	FCC Form 481 OMB Control No. 3060-0386/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	310703
<015> Study Area Name	KALEVA TEL CO
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035> Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	culmer@icorexallc.com

<110> Has your company received its ETC certification from the FCC?	(yes / no) <input type="radio"/> <input checked="" type="radio"/>
<111> If your answer to Line <110> is yes, do you have an existing § 54.202(a) "5 year plan" filed with the FCC?	(yes / no) <input type="radio"/> <input type="radio"/>

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

- <112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

310703M1112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

- <113> Maps detailing progress towards meeting plan targets
- <114> Report how much universal service (USF) support was received
- <115> How much (USF) was used to improve service quality and how support was used to improve service quality
- <116> How much (USF) was used to improve service coverage and how support was used to improve service coverage
- <117> How much (USF) was used to improve service capacity and how support was used to improve service capacity
- <118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes
Yes
Yes
Yes
Yes
Yes

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Dimer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6108283803 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	coulmer@corellc.com

<210> For the prior calendar year, were there any reportable voice service outages? No

[illegible]

(300) Unfulfilled Service Request Data Collection Form		FCC Form 481 OMB Control No. 3050-0086/OMB Control No. 3050-0013 July 2013
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<010> Study Area Code	310703
<015> Study Area Name	KALEVA TEL CO
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035> Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1000 customers Data Collection Form	FCC Form 483 OMB Control No: 3060-0886/OMB Control No: 3060-0819 July 2013
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<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109287903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Oliver
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283503 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer21morelle.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	

310703MI510 .pdf

(600) Functionality in Emergency Situations Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 JULY 2013
<010> Study Area Code	310702	
<015> Study Area Name	KALFA TEL CO	
<020> Program Year	2017	
<030> Contact Name - Person USAC should contact regarding this data	Christopher Diner	
<035> Contact Telephone Number - Number of person identified in data line <030>	6107263903 ext.	
<039> Contact Email Address - Email Address of person identified in data line <030>	cduer@icorellc.com	
<600> Certify compliance regarding ability to function in emergency situations	Yes	
<610> Descriptive document for Functionality in Emergency Situations	310703MI610.pdf	

<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	

-- See attached worksheet

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6192263993 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

[illegible]

<010>	Study Area Code	310763
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorello.com
<810>	Reporting Carrier	Kaleva Telephone Co
<811>	Holding Company	Not Applicable
<812>	Operating Company	Kaleva Telephone Company

[illegible]

500) Tribal Lands Reporting Data Collection Form		OMB Control No. 1004-2986/OMB Control No. 3206-012 JULY 2013
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<010> Study Area Code	316793
<015> Study Area Name	KALEVA TEL CO
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035> Contact Telephone Number - Number of person identified in data line <030>	6199281903 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<900> Does the filing entity offer tribal land services? (Y/N)

No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

(1000) Voice and Broadband Service Rate Comparability Data Collection Form		FCC Form 481 OMB Control No. 3068-0086/OMB Control No. 3068-0019 July 2013
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<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulnar
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 310703MI1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

ICC Form 481

OMB Control No. 3060-0926/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310793
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Vimer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109263903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmar@corellc.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers		PC Form 481
Lifeline		OMB Control No. 3060-0985/OMB Control No. 3060-0811
Data Collection Form		July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☐

<1222> Details on the number of minutes provided as part of the plan, ☐

<1223> Additional charges for toll calls, and rates for each such plan. ☐

(2000) Price Cap Carrier Additional Documentation		FCC Form 541
Data Collection Form		OMB Control No. 3060-0957/OMB Control No. 3060-0815
<i>Including Return of Return Carriers affiliated with Price Cap Local Exchange Carriers</i>		July 2013

<010>	Study Area Code	310763
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Umar
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@corelle.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010>	2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support	
<2011>	3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support	
<2022>	Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.	
<2023>	The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.	
<2024A>	Round 2 Recipient of Incremental Support?	
<2024B>	Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.	Name of Attached Document Listing Required Information
<2025A>	Round 1 or Round 2 Recipient of Incremental Support?	
<2025B>	Attach geocoded information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13-	Name of Attached Document Listing Required Information
<2015>	2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)	

(2000) Price Cap Carrier Additional Documentation (Continued)
 Data Collection Form
 Including Rate of Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 48
 OMB Control No. 3045-0045/OMB Control No. 3045-0012
 July 2018

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

Name of Attached Document Listing
Required Information

<2018> cap carrier used for capital expenditures in 2015.
 Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0968/OMB Control No. 3060-0815
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

No - Attach Explanation

(3010A) Milestone Certification (47 CFR § 54.313(f)(1)(i))

310703MI3010b.pdf

(3010B) Please Provide Attachment

Name of Attached Document Listing Required
Information

(3012A) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))

No - No New Community Anchors

(3012B) Please Provide Attachment

Name of Attached Document Listing Required
Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

(Yes/No)

☒ ☐

(3014) If yes, does your company file the RUS annual report

(Yes/No)

☐ ☒

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☐

(3016) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required
Information

(3018) If the response is no on line 3014, is your company audited?

(Yes/No)

☐ ☒

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☐

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.

☐

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☒

(3023) Underlying information subjected to a review by an independent certified public accountant

☒

(3024) Underlying information subjected to an officer certification.

☒

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required
Information

310703MI3026.pdf

(3005) KALEVA TEL CO - Additional Descriptions (Continued)		CCF Form 483
Data Collection Form		OMB Control No. 3060-0046/plus Control No. 3050-0019
		July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Uimer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	cui@crystalline.com

Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

Name of Attached Document Listing Required Information

4005 Rural Broadband Experiment Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0996/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6105283703 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icoreallo.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information _____

Certification - Reporting Carrier
Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0829
July 2015

<010>	Study Area Code	310703
<015>	Study Area Name	KALEVA TEL CO
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035>	Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	culmer@icorellc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: KALEVA TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/30/2016
Printed name of Authorized Officer: Jon Cribbs	
Title or position of Authorized Officer: President	
Telephone number of Authorized Officer: 2313623111 ext.	
Study Area Code of Reporting Carrier: 310703	Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0585/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	310703
<015> Study Area Name	KALEVA TEL CO
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
<035> Contact Telephone Number - Number of person identified in data line <030>	6109283903 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	culmers@corellc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: 06/30/2016
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

7700) Price Offerings including Voice Rate Data
Data Collection Form

OMB Control No. 3050-0998/OMB Control No. 3050-0819
July 2013

<015>	Study Area Name	KALEVA TEL CO
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<020>	Program Year	2017
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<030>	Contact Name - Person USAC should contact regarding this data	Christopher Ulmer
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<035> Contact Telephone Number - Number of person identified in data line <030> 6109283903 ext.

<039> Contact Email Address - Email Address of person identified in data line <030> vuln@x21corellc.com

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1

1/1/2016

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[illegible]

710) Broadband Price Offerings
Data Collection Form

FCC Form 485
Comments to: FCC, Office of Universal Service, 445 M St., NW
Washington, DC 20541
July 2013

<D10> Study Area Code 310703
<D15> Study Area Name KALEVA TEL CO
<D20> Program Year 2017
<D30> Contact Name - Person USAC should contact regarding this data Christopher Ulmer
<D35> Contact Telephone Number - Number of person identified in data line <D30> 6109283903 ext.
<D39> Contact Email Address - Email Address of person identified in data line <D30> culmer@icorellc.com

<711>

State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service Download Speed (Mbps)	Broadband Service Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached (select)
MI	kaleva	29.95	0.0	29.95	1.0	600.0	500.0	Blocking Traffic
MI	kaleva	39.95	0.0	39.95	2.0	600.0	500.0	Blocking Traffic
MI	kaleva	49.95	0.0	49.95	3.0	600.0	500.0	Blocking Traffic
MI	kaleva	59.95	0.0	59.95	5.0	600.0	500.0	Blocking Traffic
MI	brethren	29.95	0.0	29.95	1.0	600.0	500.0	Blocking Traffic
MI	brethren	39.95	0.0	39.95	2.0	600.0	500.0	Blocking Traffic
MI	brethren	49.95	0.0	49.95	3.0	600.0	500.0	Blocking Traffic
MI	brethren	59.95	0.0	59.95	5.0	600.0	500.0	Blocking Traffic
MI	wellston	29.95	0.0	29.95	1.0	600.0	500.0	Blocking Traffic
MI	wellston	39.95	0.0	39.95	2.0	600.0	500.0	Blocking Traffic
MI	wellston	49.95	0.0	49.95	3.0	600.0	500.0	Blocking Traffic
MI	wellston	59.95	0.0	59.95	5.0	600.0	500.0	Blocking Traffic
MI	dublin	29.95	0.0	29.95	1.0	600.0	500.0	Blocking Traffic
MI	dublin	39.95	0.0	39.95	2.0	600.0	500.0	Blocking Traffic
MI	dublin	49.95	0.0	49.95	3.0	600.0	500.0	Blocking Traffic
MI	dublin	59.95	0.0	59.95	5.0	600.0	500.0	Blocking Traffic

SUPPLEMENTAL DATA & RESPONSES

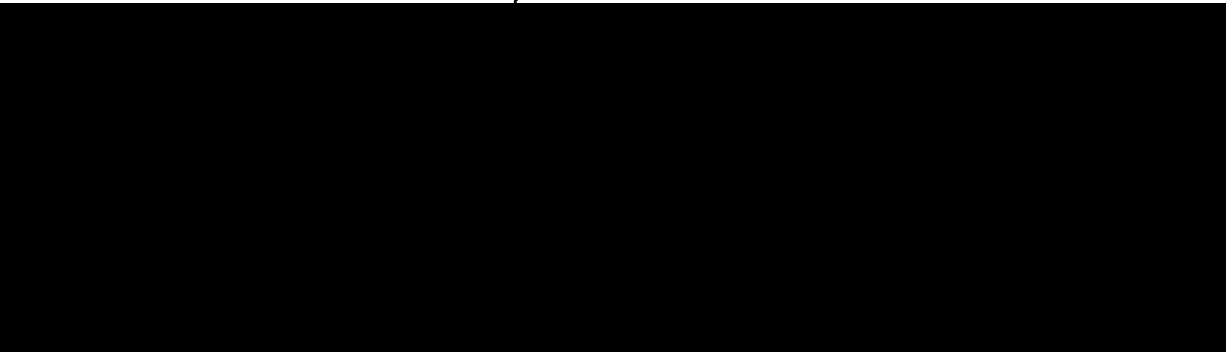
**KALEVA TELEPHONE COMPANY
FIVE YEAR SERVICE IMPROVEMENT PLAN
JULY 1, 2016 PROGRESS REPORTS**

EXECUTIVE SUMMARY

On July 1, 2014, Kaleva Telephone Company ("Kaleva" or "the Company") submitted a five-year service improvement plan as required by 47 C.F.R. §54.202(a). Kaleva operates four exchanges in Manistee County, Michigan. Consistent with 47 C.F.R. §54.313(a)(1), the Company now submits its first progress report which reflects activities through December 2015.

At the time the five year service improvement plan was submitted, broadband service was defined as a service with speed of 4 Mbps downstream and 1 Mbps upstream. The FCC's action to change this definition to 10 Mbps downstream and 1 Mbps upstream upon reasonable request was not reflected in the initial plan. This report provides an assessment of the Company's achievements to date in network investment to target the new, higher download speed requirement.

UNIVERSAL SERVICE SUPPORT / INVESTED



SERVICE CERTIFICATION

As set forth in 47 C.F.R. § 54.313(f)(1)(i), the Company hereby certifies that it is taking reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10 Mbps downstream/1 Mbps upstream. This service offers latency suitable for real-time applications, including

¹ Allocation in compliance with reporting requirement addressing how federal USF was used by the Company per 47 C.F.R. § 54.313(A)(1).

Voice over Internet Protocol. Usage capacity is reasonably comparable to comparable offerings in urban areas and that requests for such service are met within a reasonable amount of time.

SERVICE PROGRESS

Funds received from the universal service support mechanisms, in combination with all other revenue streams will allow the Company to maintain and upgrade the existing broadband network. The initial five-year plan submitted in 2014 called for 4/1 broadband deployment by 2019. The Company is ahead of schedule, and in fact can offer 4/1 broadband to 100% of its customers.

RATES AND RATE STABILITY

New customers are provided rate information at the time they order service. The rate information is prepared based on tariffs which are on file with the state public utility commission and available for inspection at our office. In addition rates are available on the company website. Notices of rate changes proposed by the Company are communicated to the customers through a bill notice or other comparable means. The Company complies with all state and federal rules applicable to rate changes.

PROVIDE SPECIFIC DISCLOSURES IN ADVERTISING

In advertising of prices for service plans the Company will disclose material charges and conditions related to the advertised prices and services. This notice will provide the potential customer with , including if applicable and to the extent the advertising medium reasonably allows: (1) whether nonrecurring installation charges would apply; (2) the monthly fee associated with the service; (3) whether any additional taxes, fees or surcharges apply; (3) the terms and conditions related to receiving a product or service for "free;" and (4) whether prices or benefits apply only for a limited time or promotional period and, if so, whether any different fees or charges will apply for the remainder of the contract term.

TRUTH-IN-BILLING

The Company has long maintained compliance with the FCC's Truth-in-Billing rules as set forth in 47 CFR 64.2401. In part, this requires the Company's telephone bill must: (1) be accompanied by a brief, clear, non-misleading plain language description of the service or services rendered; (2) identify the service provider associated with each charge; (3) clearly and conspicuously identify any change in

Company	Kaleva Telephone Company
Study Area Code	310703
Supplemental Data For:	Line 510 – Service Quality Standards and Consumer Protection Rules Compliance

service provider; (4) contain full and non-misleading descriptions of charges; (5) identify those charges for which failure to pay will not result in disconnection of the customer's basic local service; and (6) provide a toll free number for customers to call in order to lodge a complaint or obtain information.

Customers' bills will distinguish (1) monthly charges for service and features, and other charges collected and retained by the carrier, from (2) taxes, fees and other charges collected by the carrier and remitted to federal state or local governments. The Company will not label cost recovery fees or charges as taxes.

PROVIDE READY ACCESS TO CUSTOMER SERVICE

Customers and potential customers may access customer service by visiting the Company's office or by using a toll-free telephone number during normal business hours. Customer service contact information is available at our business office with regular hours posted on the storefront. In addition, this information is available online and on the monthly invoice rendered by the company.

ABIDE BY POLICIES FOR PROTECTION OF CUSTOMER PRIVACY

The Company complies with all state and federal rules regarding the privacy of customer information. Certification of this compliance is provided annually to the FCC.

RESPONSE TO CONSUMER INQUIRIES AND COMPLAINTS RECEIVED FROM GOVERNMENT AGENCIES

The Company will respond in writing to state or federal administrative agencies within 30 days of receiving written consumer complaints from any such agency. Should the agency require a shorter interval for response, the Company will use its best efforts to expedite the review of the complaint to provide a response which meets the agency-provided target date.

TERMINATION OF SERVICE

The Company follows the state public utility commission's rules for termination of service.

Service cannot be terminated without advance notice to the customer. If service is being terminated for non-payment, the customer will have the option to establish a payment plan. So long as the customer adheres to the payment plan, service will not be disconnected.

Customers may terminate service at any time and for any reason. The Company does not assess any termination penalty and the customer is simply required to pay for the services which were used while the service was provided.

As an initial point, the Company had no service outages during 2015 which met the FCC's threshold for reporting into the Network Outage Reporting System ("NORS").

The Company engages in preventative maintenance programs which help ensure network reliability in all conditions. This includes regular checks on generators, battery back-up, HVAC infrastructure at central office switches, and tree trimming/removal when trees have the potential to take down telephone lines during events of high wind or heavy snow. Access to critical infrastructure (like central office switches) is limited to essential personnel. Spare equipment is maintained in inventory.

Like most local exchange carriers, the Company's network consists of electronic switching equipment and a network of fiber optics and copper facilities. From a switching standpoint, the Company has one primary switch and smaller switches which are fed by the primary switch. These smaller switches are often referred to as intraexchange remote switches or concentrators. The largest threat to switches is the loss of power. To address this, the Company ensures adequate battery back-up is maintained. For emergency situations which extend beyond the useful life of the battery back-up, the Company uses generators to power the switches. These generators are portable which ensures they can be relocated to any switching center based on the specific needs of each switch. In addition, the Company's office will serve as a Command and Control center. This center is included as a primary location to which continuous power is required.

In cases of emergency, the Company's management has contact information for all employees. Depending upon the scope of the emergency, the Company may call-in as many employees as necessary to provide continual telecommunications service. The Company has access to local and regional construction companies which can be called in to supplement the work force if necessary. When poles are down from emergencies, the Company works with other utilities attached to the same poles to expedite the repair or replacement of the infrastructure.

In summation, the Company takes preventative measures to plan for emergency situations and also takes steps to mitigate the risk or duration of such events.



KALEVA TELEPHONE COMPANY
9462 Osmo Street, Kaleva, Michigan 49845 (231) 362-3111

June 22, 2016

I, Jon W Cribbs, hereby certify that Kaleva Telephone Company pricing of voice services is no more than two standard deviations above the applicable national average urban rate for voice service as specified in the most recent public notice issued by the Wire line Commission Bureau.

Respectively,


Jon W. Cribbs

President

Kaleva Telephone Company

REDACTED - FOR PUBLIC INSPECTION

Company	Kaleva Telephone Company
Study Area Code	170175
Supplemental Data For:	Line 3010b – 5 Year Plan Milestone Certification

This certification is embedded within the 5 year plan update that has been filed.

REDACTED - FOR PUBLIC INSPECTION

KALEVA TELEPHONE COMPANY
REVIEWED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Kaleva Telephone Company

We have reviewed the accompanying financial statements of Kaleva Telephone Company (a corporation and a wholly owned subsidiary of Kaltelco, Inc.), which comprise the balance sheets as of December 31, 2015 and 2014, and related statements of income and comprehensive income, changes in stockholder's equity and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Maner Costerisan PC

June 14, 2016

**KALEVA TELEPHONE COMPANY
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents		
Temporary investments - non-fair value		
Due from subscribers		
Accounts receivable - affiliate		
Accounts receivable - access carriers		
Accounts receivable - other		
Inventory		
Deferred federal income taxes - current		
Prepaid expenses		
Total current assets		
INVESTMENTS AT FAIR VALUE		
PLANT, PROPERTY AND EQUIPMENT:		
Plant in service		
Less accumulated depreciation		
Net plant, property and equipment		
TOTAL ASSETS		

See independent accountant's review report
and notes to financial statements.

	<u>2015</u>	<u>2014</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Accounts payable - trade		
Accounts payable - access carriers		
Other current liabilities		
Total current liabilities		
DEFERRED TAXES		
Deferred state income taxes		
Deferred federal income taxes		
Total deferred taxes		
Total liabilities		
STOCKHOLDER'S EQUITY:		
Capital stock, [REDACTED] stated value [REDACTED] shares		
authorized, issued and outstanding [REDACTED] shares		
Retained earnings		
Accumulated other comprehensive loss		
Total stockholder's equity		
TOTAL LIABILITIES AND		
STOCKHOLDER'S EQUITY		

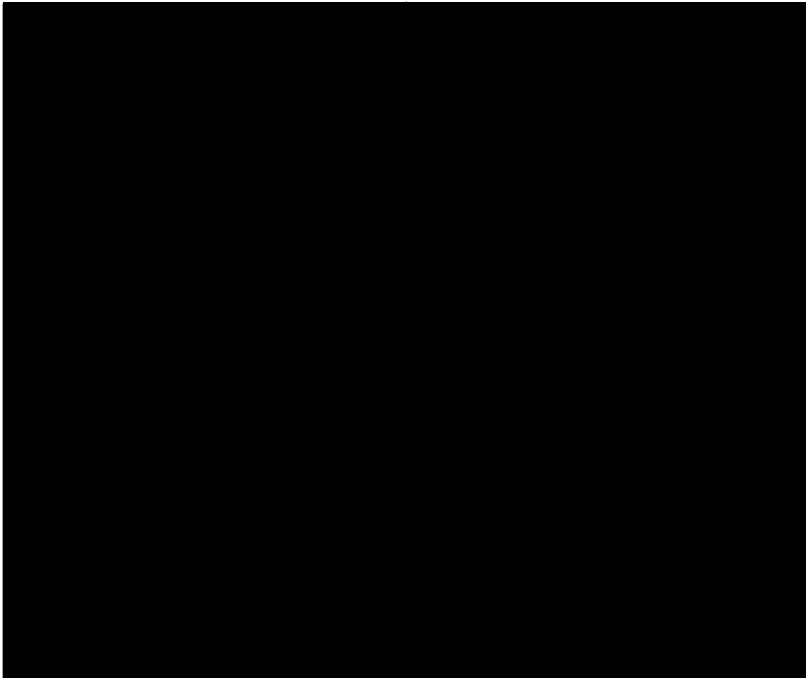
See independent accountant's review report
and notes to financial statements.

KALEVA TELEPHONE COMPANY
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Local service		
Access revenue		
Miscellaneous		
Bad debt expense		
Total operating revenues		
OPERATING EXPENSES:		
Plant specific		
Plant non-specific:		
Network and other		
Depreciation		
Customer operations		
Corporate operations		
Total operating expenses		
Net operating revenue		
OPERATING TAXES:		
Federal income taxes		
State income taxes		
Other operating taxes		
Total operating taxes		
Net operating income		
OTHER INCOME (EXPENSE):		
Interest income		
Other income (expenses), net		
Non-operating federal income tax benefit		
INCOME AVAILABLE FOR FIXED CHARGES		
Interest and related charges		
NET INCOME		
OTHER COMPREHENSIVE INCOME:		
Unrealized gain (loss) on securities		
OTHER COMPREHENSIVE INCOME BEFORE TAXES		
Income tax benefit (expense) related to other comprehensive gain (loss)		
TOTAL COMPREHENSIVE INCOME		

See independent accountant's review report
and notes to financial statements.

KALEVA TELEPHONE COMPANY
STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>Capital stock</u>	<u>Retained earnings</u>	<u>Accumulated other comprehensive income (loss)</u>	<u>Total</u>
Balance at January 1, 2014				
Comprehensive income - Unrealized gain on securities (net of tax)				
Net income				
Dividends declared				
Balance at December 31, 2014				
Comprehensive income - Unrealized loss on securities (net of tax)				
Net income				
Dividends declared				
Balance at December 31, 2015				

See independent accountant's review report
and notes to financial statements.

**KALEVA TELEPHONE COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
DECREASE IN CASH AND CASH EQUIVALENTS:		
Cash flows from operating activities:		
Net income		
Adjustments to reconcile net income		
to net cash provided by (used in) operations:		
Depreciation		
Provisions for deferred taxes		
Reinvested interest on investments		
Changes in operating assets and liabilities:		
Accounts receivable		
Inventories and prepaid expenses		
Accounts payable and other current liabilities		
Total adjustments		
Net cash flows used in operating activities		
Cash flows from investing activities:		
Purchases of plant, property and equipment		
Proceeds from sale of plant, property and equipment		
Proceeds from sale of investments		
Purchase of investments		
Net cash provided by investing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, beginning of year		
CASH AND CASH EQUIVALENTS, end of year		

See independent accountant's review report
and notes to financial statements.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting method - Kaleva Telephone Company (the Company) maintains the accounting records on the accrual basis for both financial statement and income tax purposes. Revenue is recorded when earned and expenses are charged to operations when incurred. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Michigan Public Service Commission, which conform to accounting principles generally accepted in the United States of America (US GAAP).

Cash and cash equivalents - The Company considers all highly liquid instruments with a maturity of three months or less to be cash equivalents. Those investments with original maturities of over three months to twelve months are classified as temporary investments. Temporary investments of [REDACTED] at December 31, 2014, consisted of Certificates of Deposit with original maturities between 4 to 12 months from the date of issue and bear interest at the prevailing market rate at the time of issue.

Accounts receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Due from subscribers is presented net of the allowance for doubtful accounts of [REDACTED] at December 31, 2015 and 2014, respectively. Accounts receivable - access carriers is presented net of the allowance for doubtful accounts of [REDACTED] at December 31, 2015 and 2014, respectively. For all other accounts receivable, no allowance for doubtful accounts was determined to be necessary. The Company's estimate is based on historical collection experience and a review of the current status of accounts receivable.

Plant, property and equipment - Purchases of plant, property and equipment are recorded at cost and depreciated utilizing the straight-line method for financial reporting purposes by the application of class or overall composite rates, based on the estimated service lives of the various classes of depreciable property. The composite depreciation rate was [REDACTED] for the years ended December 31, 2015 and 2014. When telephone plant is retired, its cost is removed from the asset account and charged against the depreciation reserve together with any related salvage and removal of costs. No gains or losses are recognized in connection with routine retirements of telephone depreciable property. The cost of repairs and maintenance are charged to expense when incurred. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value.

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Inventory - Inventory consists of materials and supplies for additions and maintenance of the telephone plant and telephone equipment for resale. Inventory is valued at the lower of cost or market on a first-in first-out basis.

Taxes collected - Sales, use and excise taxes collected from subscribers are presented on a net basis.

Advertising - It is the policy of the Company to expense all advertising costs as incurred.

Income taxes - The Company recognizes the difference between the financial statements and tax basis of assets and liabilities which is determined annually. Deferred income tax assets and liabilities are computed for those differences that have future tax consequences using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax payable or refundable for the period plus or minus the net change in deferred tax assets and liabilities. All federal and state income taxes are paid by the Company's parent corporation. The Company paid, on a cash basis, interest in the amount of [REDACTED] in 2015 and 2014, respectively.

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES

Kaleva Telephone Company is a wholly owned subsidiary of Kaltelco, Inc. and is located in Manistee County in the State of Michigan. The Company's major business activity is providing local telephone exchange service and access to the public switched telephone network. Approximately, [REDACTED] and [REDACTED] of the Company's operating revenue is received from access revenue from interexchange carriers for the years ended December 31, 2015 and 2014, respectively.

The Company's cash and temporary investment accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. At various times during the year the Company's cash account balances may exceed this amount in the normal course of business. At December 31, 2015, the cash and temporary investment account balances exceeded this limit by approximately [REDACTED]. Other investments are not covered by FDIC insurance. Additionally, non-cash investing and financing activities consisted of dividends declared included in accounts receivable from affiliate of [REDACTED] for 2015 and 2014, respectively.

The Company grants credit to customers, substantially all of whom are local residents. Additionally, the Company grants credit to interexchange carriers for access to the public switched telephone network. These trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, and the Company does not apply a finance charge to past due receivables. Additionally, the Company generally does not hold financial instruments with off-balance-sheet credit risk.

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - NATURE OF ORGANIZATION, RISKS AND UNCERTAINTIES (Concluded)

The Company rarely requires collateral from either its customers or telecommunications providers. Accordingly, failure to collect on these accounts would result in a direct loss of the amounts uncollected.

Compensation for interstate access services was received through tariffed access charges filed by the National Exchange Carrier Association (NECA) with the Federal Communications Commission (FCC) on behalf of the member companies. These access charges are billed by the Company to the interstate interexchange carriers, and pooled with like revenues from all NECA member companies. The portion of the pooled access charge revenue received by the Company is based upon formulas derived from the national averages of costs to provide access services. The Company recorded true-ups of prior years' estimated access settlements that had the effect of a decrease in revenues by [REDACTED] for 2015 and 2014, respectively.

Intrastate access revenue is based on charges billed under the Company's intrastate access revenue tariff. These revenues are dependent upon actions of interexchange carriers over which the Company has no control. It is possible that changes could occur that would cause a significant impact on the Company's future revenues.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to collectability of receivables, access revenue settlement amounts, depreciable lives of plant, property and equipment, deferred tax assets and liabilities, and events as of the date of the financial statements. Accordingly, actual results may differ from estimated amounts.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local returns generally remain open for examination by taxing authorities for a period of three and four years.

The Company evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through June 14, 2016, which is the date the financial statements were available to be issued.

See independent accountant's review report.

KALEVA TELEPHONE COMPANY NOTES TO FINANCIAL STATEMENTS

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2015 and 2014, the Company's investments consisted of equity securities in the amount of [REDACTED] respectively.

The Company is required to disclose amounts within a framework established for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015 and 2014.

Marketable Securities: Valued at the daily closing price as reported by the security. They have been classified as available-for-sale with the gross unrealized holding gains and losses, net of tax, reported as other comprehensive income. Realized gains and losses are generally determined using the specific identification method and are included in investment income as are declines in value that are determined to be other than temporary. The interest or dividends associated with available-for-sale securities is also included in the components of investment income.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Concluded)

The historical cost and fair value of investments as of December 31, 2015 and 2014 were:

	2015	2014
Fair value investments at cost		
Gross unrealized holding losses		
Total aggregate fair value		

The Company's fair-value investments consist of the following as of December 31:

	<u>Level 1:</u>	<u>Level 2:</u>	<u>Level 3:</u>	
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs	Total
2015				
Equity Securities				
2014				
Equity Securities				

NOTE 4 - COMPREHENSIVE INCOME

The components of other comprehensive income, such as unrealized gains (losses) on securities, are required to be added to the Company's reported net income, net of tax to arrive at comprehensive income. Other comprehensive income items have no impact on the reported net income as presented on the statements of income and comprehensive income.

The net unrealized holding reserve on available-for-sale securities included in other comprehensive income was a loss of [REDACTED] net of deferred taxes of [REDACTED] at December 31, 2015, and a gain of [REDACTED] net of deferred taxes of [REDACTED] at December 31, 2014.

There were no reclassification adjustments out of accumulated other comprehensive income for individual components of other comprehensive income for both 2015 and 2014.

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PLANT, PROPERTY AND EQUIPMENT

The balances of the major classes of plant, property and equipment as of December 31, are as follows:

	2015	2014
Land and buildings		
General support		
Central office equipment		
Circuit equipment		
Cable and wire facilities		

NOTE 6 - TAXES

For income tax purposes, the Company is included in the federal consolidated and state combined tax returns with its parent, Kaltelco, Inc. For financial reporting purposes, income taxes are computed and recorded as if the Company filed separate income tax returns, except that: (i) in the event the Company generates a net tax loss which is utilized in Kaltelco, Inc.'s returns, the Company will be given the benefit of such loss, (ii) federal income taxes are calculated based upon the statutory tax rate in effect for Kaltelco, Inc. and its subsidiary on a consolidated basis, and (iii) state income taxes are calculated based upon the taxes in effect for Kaltelco, Inc. and its subsidiary on a combined basis.

Deferred income taxes are accounted for using an asset and liability approach that requires the recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement and tax basis of assets and liabilities at the applicable enacted tax rates. Temporary differences giving rise to the deferred tax liabilities and assets consist primarily of the difference in treatment for tax purposes versus the treatment for financial reporting purposes for depreciation and investments.

See independent accountant's review report.

KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - TAXES (Continued)

Income tax provisions charged to expense for the periods ended December 31, 2015 and 2014 are summarized as follows:

	2015	2014
Federal income taxes (benefit):		
Current		
Deferred		
Federal income taxes		
State income taxes (benefit):		
Current		
Deferred		
State income taxes		
Other taxes:		
Ad valorem		
Miscellaneous		
Total income and other taxes		

Total federal income tax expense, divided by the sum of such tax expense and net income, results in an effective tax rate of approximately [REDACTED] for both 2015 and 2014. The difference between the Company's federal effective income tax rate and the federal statutory rate is primarily a result of expenses deductible for financial reporting purposes that are not deductible for tax purposes, and adjustments to prior year tax accruals.

The Company periodically settles amounts owed to Kaltelco, Inc. for income taxes. For the years ended December 31, 2015 and 2014, a federal income tax liability was recorded as a payable to Kaltelco, Inc. in the amount of [REDACTED] respectively. For the years ended December 31, 2015 and 2014, a state income tax liability was recorded as a payable to Kaltelco, Inc. in the amount of [REDACTED] and [REDACTED] respectively.

The net deferred tax liabilities (assets) consist of the following:

	2015	2014
Total deferred tax liabilities		
Total deferred tax assets		
Net deferred tax (asset) liability		

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - TAXES (Concluded)

Management has evaluated all deferred tax assets as of December 31, 2015 and determined the Company will be able to fully utilize all of the deferred tax assets in future years. Therefore, no valuation adjustment was recorded to reduce deferred tax assets for 2015.

NOTE 7 - PENSION

The Company sponsors a defined contribution plan pursuant to Internal Revenue Code Section 401(k). The Company matches the employee's elective deferral up to [REDACTED] of eligible salary. The expense for this plan for 2015 and 2014 was [REDACTED] respectively.

NOTE 8 - RELATED PARTY TRANSACTIONS

The Company had the following related party transactions during 2015 and 2014.

	2015	2014
Due from Kaltelco, Inc., beginning of year	[REDACTED]	[REDACTED]
Allocations of labor and benefits		
Expenses paid on behalf of Kaltelco, Inc.		
Cash payments		
Dividends declared		
Allocation of federal and state tax expense		
Due from Kaltelco, Inc., end of year		

NOTE 9 - CONTINGENCIES

The Company was named as a defendant in legal actions brought by certain interexchange carriers which allege that the Company had been erroneously billing them with respect to a certain type of toll traffic. One carrier was requesting refunds of approximately [REDACTED] from previous years. Other carriers have not stipulated an amount. The case was consolidated with numerous similar suits throughout the country in the Northern District in Texas. In an order dated November 17, 2015, the Northern District of Texas Court granted the defendants joint motion to dismiss but permitted the plaintiffs in the case to re-plead their state-law claims. On December 8, 2015, defendants filed a motion in the Northern District of Texas Court to file counterclaims, and on December 22, 2015 the plaintiffs filed a motion asking the Court to designate the November 17, 2015 ruling dismissing the federal claims as a "final judgement" which would render those issues ripe for an immediate appeal. The court of appeals has not ruled on these motions. The Company intends to vigorously oppose this lawsuit and pursue its counterclaims. Management is not able to predict the outcome of this litigation or estimate the amount or range of potential loss.

See independent accountant's review report.

**KALEVA TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - CONTINGENCIES (Concluded)

In the normal course of business, the Company is involved in various legal actions. Although the ultimate resolution of these matters may not be determinable, in the opinion of management, in consultation with legal counsel, the outcome of these actions is not expected to have a material adverse impact on the Company's financial position.

See independent accountant's review report.

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REDACTED - FOR PUBLIC INSPECTION